

**BOND**  
CLOTHES

BOND STORES, INCORPORATED

ANNUAL REPORT TO STOCKHOLDERS

YEAR ENDED DECEMBER 31, 1941

## OFFICERS

BENJ. J. FRIEDMAN . . . . .	<i>President</i>
BARNEY RUBEN . . . . .	<i>Vice-President and Treasurer</i>
IRVING COHEN . . . . .	<i>Vice-President and Secretary</i>
JAMES W. CONNORS . . . . .	<i>Vice-President</i>
SYLVAN N. KING . . . . .	<i>Vice-President</i>
LOUIS A. GOOD . . . . .	<i>Vice-President</i>
CARL F. KLEMENGER . . . . .	<i>Assistant Secretary</i>

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## BOARD OF DIRECTORS

BENJ. J. FRIEDMAN	JAMES W. CONNORS
BARNEY RUBEN	HERBERT H. MAASS
IRVING COHEN	JOHN M. HANCOCK
MAURICE WERTHEIM	

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## BOND STORES ARE LOCATED IN THE FOLLOWING CITIES:

AKRON, OHIO	FLINT, MICH.	OAKLAND, CALIF.
ALBANY, N. Y.	FORT WORTH, TEXAS	PHILADELPHIA, PA.
ATLANTA, GA.	HARRISBURG, PA.	PITTSBURGH, PA.
BALTIMORE, MD.	HARTFORD, CONN.	PROVIDENCE, R. I.
BIRMINGHAM, ALA.	HOUSTON, TEXAS	READING, PA.
BOSTON, MASS.	JERSEY CITY, N. J.	ROCHESTER, N. Y.
BUFFALO, N. Y.	KANSAS CITY, MO.	SAN FRANCISCO, CALIF.
CHICAGO, ILL.	LORAIN, OHIO	SCHENECTADY, N. Y.
(5 stores)	LOS ANGELES, CALIF.	SCRANTON, PA.
CINCINNATI, OHIO	LOUISVILLE, KY.	ST. LOUIS, MO.
CLEVELAND, OHIO	MEMPHIS, TENN.	SYRACUSE, N. Y.
COLUMBUS, OHIO	MILWAUKEE, WISC.	TOLEDO, OHIO
DALLAS, TEXAS	NEWARK, N. J.	TRENTON, N. J.
DAYTON, OHIO	NEW BRUNSWICK, N. J.	WASHINGTON, D. C.
DES MOINES, IOWA	NEW HAVEN, CONN.	WILKES-BARRE, PA.
DETROIT, MICH.	NEW YORK, N. Y.	YOUNGSTOWN, OHIO
(2 stores)	(8 stores)	

*Factories in Rochester, N. Y. and New Brunswick, N. J.*



**BOND STORES, INCORPORATED**

261 FIFTH AVENUE  
NEW YORK

March 30, 1942

TO THE STOCKHOLDERS OF  
BOND STORES, INCORPORATED:

The enclosed financial statements, certified by the Company's independent auditors, reflect the progress made by your Company during the past year, and the vastly increased acceptance of its merchandise by the public.

These greater sales and their correlated step-ups in production were alone responsible for the profits achieved during 1941. They also absorbed to a large extent increased costs of raw materials and operations. Taxes consumed a large part of the profits.

Maintaining plant operations at top level, to meet expanding demands for your Company's products, has taxed the ingenuity of the management. The advisability of expanding the Company's manufacturing facilities was, therefore, considered during the past year. Uncertain conditions involving priorities, and subsequently the war itself, determined the decision to undertake no new plant building program at this time. However, the plans may be readily put into effect, should future conditions permit.

On December 4, 1940, your Company opened at Broadway and 45th Street, New York City, what was reported to be the largest men's clothing store in America, from the standpoint of area occupied. After one year of operation, your Company is proud to report that the sales volume enjoyed by this outstanding establishment is now generally believed to be larger than that of any other single men's store in this country, with resultant profits that are extremely gratifying.

The Company's policy for single ownership of all departments was furthered during the past year with the absorption of leased Shoe Departments. In 1940, leased Furnishings Departments were taken over. All departments are now owned and operated by the Company. Sales of the Men's Furnishings Departments during the past year showed a gratifying increase over the previous year, and contributed materially to your Company's profits.

How much the progress of the war will affect the Company's business is obviously unpredictable. It should be anticipated that necessary Government regulations may interrupt your Company's sustained progress of recent years. However, the Company's competitive position is so soundly established that there is every reason to expect continuance of this same position in the face of any situations which may arise.

The management has set up a reserve of Five Hundred Thousand Dollars (\$500,000) to meet future contingencies resulting from present conditions and from the war. This reserve will be adjusted by increasing or decreasing the amount as future conditions warrant.

The loyal cooperation and personal interest of your Company's employees were a valuable contribution toward results achieved. For their enviable spirit and earnest devotion, in plants and in stores, the management extends sincere thanks.

By order of the Board of Directors,

*Benz. J. Friedman*  
President.

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**BOND STORES,**  
**BALANCE SHEET AS A**

**ASSETS**

Current Assets:

Cash on hand and in banks . . . . .		\$1,010,686.79
Accounts Receivable—Customers . . . . .	\$5,789,814.08	
Less: Reserve for doubtful accounts . . . . .	608,815.62	5,180,998.46
Miscellaneous accounts receivable, sales tax stamps, etc. . . . .		45,368.07
Merchandise Inventories—Note A:		
Woolens, trimmings, etc. . . . .	\$3,508,100.54	
Work in process . . . . .	1,531,515.50	
Finished goods . . . . .	8,263,480.16	13,303,096.20
Cash surrender value—officers' life insurance policies—Note B . . . . .		134,309.84
Total Current Assets . . . . .		<u>\$19,674,459.36</u>
Due from employees, less reserve . . . . .		20,681.55
Due from employees for purchase of 600 shares of stock of the corporation, which stock is held as collateral for the unpaid balance . . . . .		8,437.00
Deposits, advances, claims receivable, etc. . . . .		27,974.59
Investment in securities of and advances to wholly-owned subsidiary company (not consolidated), at cost less reserve of \$69,740.81 . . . . .		83,634.19

Fixed Assets—at Cost:

Land . . . . .	\$ 318,973.00	
Buildings . . . . .	\$1,087,829.00	
Less: Reserve for depreciation . . . . .	139,514.29	948,314.71
Machinery, furniture, fixtures and equipment . . . . .	2,238,839.20	
Less: Reserve for depreciation . . . . .	611,525.85	1,627,313.35
Alterations and improvements . . . . .	1,015,745.75	
Less: Reserve for amortization. . . . .	370,435.85	645,309.90
Total Fixed Assets . . . . .		3,539,910.96
Leaseholds—per books, less reserve for amortization . . . . .		2,185.00

Deferred Charges:

Prepaid rent and advances to landlords on improvements to leased properties . . . . .	\$260,457.91	
Unexpired insurance and prepaid expenses . . . . .	140,912.28	401,370.19
		<u>\$23,758,652.84</u>

The Notes to Accounts are an integral part of this s

## INCORPORATED

T DECEMBER 31, 1941

## LIABILITIES

## Current Liabilities:

Serial notes payable—current installment . . . . .	\$ 300,000.00
Accounts payable—merchandise and expense creditors . . . . .	1,396,002.09
Accounts payable—leased departments . . . . .	87,845.44
Customers' and employees' deposits . . . . .	29,544.37
Accrued salaries, miscellaneous taxes and expenses . . . . .	1,531,190.78
Reserve for Federal income and excess profits taxes . . . . .	3,971,949.99
Total Current Liabilities . . . . .	\$ 7,316,532.67
Serial Notes—Equitable Life Assurance Society of the United States, payable in annual installments of \$300,000.00 . . . . .	\$2,700,000.00
Less: Current installment shown above . . . . .	300,000.00
Total Liabilities . . . . .	\$ 9,716,532.67
Reserve for contingencies . . . . .	500,000.00

## Capital Stock:

Common Stock—par value \$1.00 per share:	
Authorized—1,000,000 shares	
Issued—701,497 shares . . . . .	701,497.00
Capital Surplus (Note C)—per Account No. 2 . . . . .	6,435,713.42
Earned Surplus (Note C)—per Account No. 2 . . . . .	6,404,909.75

\$23,758,652.84



**BOND STORES, INCORPORATED**  
**STATEMENT OF SURPLUS ACCOUNTS**  
 FOR THE YEAR ENDED DECEMBER 31, 1941

Capital Surplus:

Balance—December 31, 1941 (No change during year) . . . . .	\$6,435,713.42
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Earned Surplus:

Balance—January 1, 1941 . . . . .	\$4,874,476.05
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Add:

Balance carried from Statement of Income and Profit and Loss, per Account No. 3 . . . . .	2,779,216.06
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Miscellaneous adjustments for prior years resulting from examination of income tax returns by Bureau of Internal Revenue . . . . .	37,961.64
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Adjustment to conform 1940 provision for Federal income and excess profits taxes with approximate amount paid . . . . .	160,000.00
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\$7,851,653.75

Deduct:

Adjustment of 1940 provision for Federal capital stock tax due to revision in law . . . . .	43,750.00
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\$7,807,903.75

Deduct:

Dividends paid at \$2.00 per share . . . . .	1,402,994.00
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Balance—December 31, 1941—per Account No. 1 . . . . .	\$6,404,909.75
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The Notes to Accounts are an integral part of this statement and should be read in conjunction herewith.

## BOND STORES, INCORPORATED

## STATEMENT OF INCOME AND PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1941

Sales, exclusive of leased departments . . . . .		\$45,328,333.35
Cost of goods sold . . . . .		<u>25,538,998.55</u>
Gross profit on sales . . . . .		\$19,789,334.80
Deduct:		
Stores and general and administrative expenses . . . . .	\$12,679,212.67	
Depreciation . . . . .	191,259.14	
Amortization . . . . .	82,124.86	
Loss of wholly-owned subsidiary company, (not consolidated) . . . . .	<u>46,555.34</u>	<u>12,999,152.01</u>
		\$ 6,790,182.79
Add:		
Other income . . . . .		<u>459,033.27</u>
Net income before provision for Federal income and excess profits taxes . . . . .		\$ 7,249,216.06
Less:		
Provision for Federal normal income tax and surtax . . . . .	\$1,500,000.00	
Provision for Federal excess profits tax . . . . .	<u>2,470,000.00</u>	<u>3,970,000.00</u>
Net income for the period . . . . .		\$ 3,279,216.06
Less:		
Provision for contingencies . . . . .		<u>500,000.00</u>
Balance carried to Earned Surplus—Account No. 2 . . . . .		<u><u>2,779,216.06</u></u>

The Notes to Accounts are an integral part of this statement and should be read in conjunction herewith.



# BOND STORES, INCORPORATED

## NOTES TO ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 1941

NOTE A: Inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the corporation, retail inventory method as to furnishings and shoes, and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. Such methods for valuing the inventories are consistent with the practice of prior years.

NOTE B: The Corporation is the beneficiary under life insurance policies on the lives of two officers. Under the agreement with the Corporation, the insured may change the beneficiary at any time, provided the amount of the cash surrender value at date of such change is paid to the Corporation.

NOTE C: Under the terms of the Notes aggregating \$2,700,000.00, evidencing the Corporation's indebtedness to The Equitable Life Assurance Society of the United States, \$9,912,799.50 of the capital surplus and earned surplus, which aggregated \$12,840,623.17, as at December 31, 1941, cannot be used for the payment of dividends (other than dividends payable in stock of the Corporation) on, or other distributions in respect of, or the purchase, redemption or other retirement of, Capital Stock.

### GENERAL:

The Corporation has substantial commitments for merchandise at prices below the current market; such commitments represent a portion of its anticipated requirements for the year 1942.

The accompanying statements are subject to final determination of the liability for Federal taxes on income.

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## ACCOUNTANTS' REPORT

*To the Board of Directors,*  
BOND STORES, INCORPORATED  
New York, N. Y.

We have examined the balance sheet of the Bond Stores, Incorporated, as at December 31, 1941 and the statements of income and profit and loss and surplus for the year then ended; have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and profit and loss and surplus, together with the Notes to Accounts, present fairly the position of the Bond Stores, Incorporated, at December 31, 1941, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

New York, N. Y., March 30th, 1942.